

BellSouth Telecommunications, Inc.
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August 20, 2001

Joelle J. Phillips
Attorney

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EXECUTIVE SECRETARY

VIA HAND DELIVERY

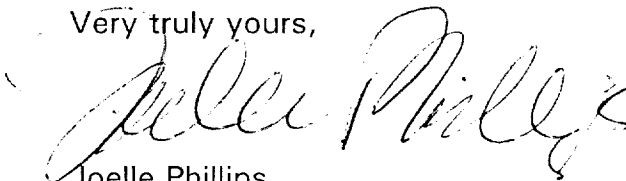
Mr. David Waddell, Executive Secretary
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, Tennessee 37243

Re: *Second Complaint of Discount Communications, Inc. Against
BellSouth Telecommunications, Inc.*
Docket No. 00-01151

Dear Mr. Waddell:

In response to the Hearing Officer's letter of August 17, 2001 requesting either a copy of Judge Latta's Order or a copy of the transcript in the bankruptcy proceeding, enclosed please find an original and thirteen copies of the Affidavit of Michael Coury with attached proposed Order. Copies are being provided to counsel of record.

Very truly yours,


Joelle Phillips

JP/jej

Enclosure

cc: Henry Walker, Esquire
Vance Broemel, Esquire

BEFORE THE TENNESSEE REGULATORY AUTHORITY

In re:

Second Complaint of Discount Communications
Against BellSouth Telecommunciations, Inc.

Docket No. 00-01151

AFFIDAVIT OF MICHAEL P. COURY

STATE OF TENNESSEE

COUNTY OF SHELBY

I, Michael P. Coury, being duly sworn hereby states under oath as follows:

1. I am an attorney duly licensed to practice law in the state of Tennessee. I am one of the attorneys for BellSouth Telecommunications, Inc. ("BellSouth") and am representing BellSouth in connection with the current bankruptcy proceeding of ATM Discount Communications, Inc.(Debtor).

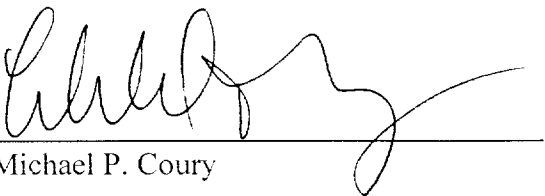
2. On Wednesday, August 15, 2001, the Honorable Jennie D. Latta held a hearing in connection with BellSouth's motion for adequate protection and, in the alternative, to lift automatic stay.

3. At the conclusion of the hearing on BellSouth's motion, the bankruptcy court entered an oral ruling granting BellSouth's motion to lift the automatic stay. The court found that the order of the bankruptcy court entered on January 22, 2001, in connection the debtor's prior bankruptcy case was dispositive and was res judicata on the debtor in this proceeding. The court lifted the automatic stay to permit both the debtor and BellSouth to pursue all of their rights and remedies before the Tennessee Regulatory Authority ("TRA"). Specifically, the court held


that BellSouth was permitted to proceed with its efforts to before the TRA to terminate phone service to the debtor and that, if the TRA permitted termination, BellSouth was authorized to terminate service without further proceedings before the bankruptcy court. The bankruptcy court also abstained from determining what the appropriate security deposit or escrow should be with respect to postpetition service and deferred to the TRA's determination in this regard. A copy of the proposed order which I have prepared and which is consistent with the bankruptcy court's oral ruling is attached hereto as Exhibit 1.

4. The court's proposed order was faxed to Homer Cody, counsel for the debtor, on August 15, 2001. I attempted to contact Mr. Cody on Thursday, August 16, 2001, and Friday, August 17, 2001, to obtain his approval of the order. In both cases, I was advised that Mr. Cody was unavailable to speak with me and was referred to his voice-mail. I left him messages in both instances requesting that he contact me concerning the order. On Friday, August 17, 2001, I left a message with Mr. Cody advising him that I would seek to enter the proposed order on August 20, 2001 if I had not heard from him and that I would advise the bankruptcy court of the Debtor's failure to respond. As of Friday, August 17, 2001, at 4:00 p.m., I have not heard from Mr. Cody.

Affiant further saith not.

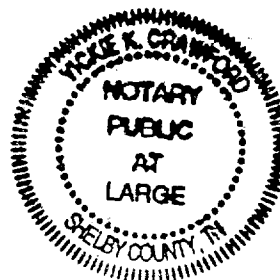

Michael P. Coury

Sworn to and subscribed before me this 17th day of August, 2001.


Notary Public

My Commission Expires:

6-13-2004



UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF TENNESSEE
WESTERN DIVISION

In re:

ATM DISCOUNT COMMUNICATIONS, INC.

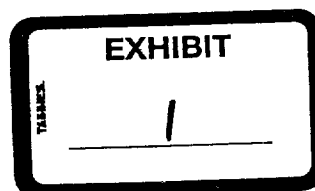
Case No. 01-31167-L

Debtor.

Chapter 11

**ORDER GRANTING MOTION OF
BELLSOUTH TELECOMMUNICATIONS, INC.
TO LIFT AUTOMATIC STAY**

This matter came to be heard on August 15, 2001 upon the motion of BellSouth Telecommunications, Inc. ("BellSouth"), a creditor and party-in-interest, for an order requiring the Debtor to provide adequate assurance of future payment, and, to lift the automatic stay. Upon statements of counsel for the Debtor and BellSouth, and upon the entire record in the cause, the court made oral findings of fact and conclusions of law pursuant to Bankruptcy Rule 7052 which are incorporated herein by reference. Upon a totality of the circumstances, the Court finds that the Court's prior order entered on January 22, 2001 in the Debtor's prior Case No. 00-33928-B is res judicata with respect to the matters raised by BellSouth's motion. Accordingly, the Court finds that the automatic stay pursuant to 11 U.S.C. § 362 should be and is hereby lifted to permit the Debtor and BellSouth to pursue before the Tennessee Regulatory Authority ("TRA") all matters within the TRA's jurisdiction, including, but not limited to, all pending matters relating to the Debtor and BellSouth's petition to terminate service to the Debtor. The Court further finds that if the TRA approves termination of service then the automatic stay is lifted to



In re ATM Discount Communications, Inc.
Case No. 01-31167-L
Order Granting Motion of BellSouth Telecommunications, Inc.
To Lift Automatic Stay

permit BellSouth to terminate service in accordance with any order from the TRA. The Court further finds that the automatic stay is further lifted to permit the Debtor and BellSouth to pursue all of their rights of appeal from the TRA to the Tennessee Court of Appeals.

The Court further finds that the question as to the amount of any security deposit or daily escrow to which BellSouth is entitled to for postpetition service pursuant to 11 U.S.C. § 366 should, under the circumstances, be determined by the TRA. Accordingly, the Court sua sponte abstains from deciding this issue and directs BellSouth to raise such issue before the TRA.

The Court finds that BellSouth's request to apply its prepetition deposit of \$50,000.00 to the Debtor's prepetition debt is denied without prejudice pending resolution of pending issues before the TRA.

IT IS SO ORDERED.

HONORABLE JENNIE D. LATTA
UNITED STATES BANKRUPTCY JUDGE

Dated: _____

In re ATM Discount Communications, Inc.
Case No. 01-31167-L
Order Granting Motion of BellSouth Telecommunications, Inc.
To Lift Automatic Stay

APPROVED:

WARING COX PLC

By: _____
Michael P. Coury
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Memphis, TN 38103
901-543-8000
Attorneys for BellSouth
Telecommunications, Inc.

LAW OFFICE OF HOMER CODY

Homer Cody
Attorney for Debtor